

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 NSAE-00 NSCE-00 SSO-00  
ICAE-00 INRE-00 PM-05 H-01 INR-10 L-03 PA-01  
SP-02 SS-15 OMB-01 EB-08 TRSE-00 /059 W  
-----034515 011756Z /46

O 011620Z AUG 78  
FM AMEMBASSY LISBON  
TO SECSTATE WASHDC IMMEDIATE 6533  
INFO AMEMBASSY BONN IMMEDIATE  
AMEMBASSY BRUSSELS IMMEDIATE  
AMEMBASSY LONDON IMMEDIATE  
AMEMBASSY MADRID IMMEDIATE  
AMEMBASSY MOSCOW IMMEDIATE  
AMCONSUL OPORTO IMMEDIATE  
AMEMBASSY PARIS IMMEDIATE  
AMCONSUL PONTA DELGADA IMMEDIATE  
AMEMBASSY ROME IMMEDIATE  
USMISSION USNATO IMMEDIATE  
DIA WASHDC IMMEDIATE  
USCINCEUR VAIHINGEN GER IMMEDIATE  
USNMR SHAPE BEL IMMEDIATE  
COMUSFORAZ IMMEDIATE

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 5683

USEEC

E.O. 11652: XGDS-3  
TAGS: PINT PO  
SUBJECT: EANES MAKES HIS DECISION

REF: LISBON 5610 (DTG 291624Z JUL 78) (NOTAL)

SUMMARY: PRESIDENT EANES WILL NOT, IN HIS LATE AUGUST 1  
ADDRESS, DESIGNATE A PRIME MINISTER. HE WILL, HOWEVER,  
OUTLINE THE PRINCIPAL NATIONAL ISSUES FACING PORTUGAL, THE  
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NEED TO ADHERE TO THE CONSTITUTIONAL PROCESS, AND EXPLAIN  
HIS NEXT STEPS IN THE FORMATION OF A NEW GOVERNMENT, A THIRD  
CONSTITUTIONAL GOVERNMENT BASED ON A PARLIAMENTARY MAJORITY  
OR, IF THAT FAILS, A GOVERNMENT OF "PRESIDENTIAL INITIATIVE"  
WITH THE OPTION OF EITHER TAKING THE COUNTRY TO EARLY ELECTIONS  
OR REMAINING IN OFFICE POSSIBLY THROUGH 1980. END SUMMARY.

1. THE PRESIDENT DECIDES ON NEXT STEPS: ACTING POLITICAL COUNSELOR MET WITH PRESIDENT EANES'S DIPLOMATIC ADVISOR LUIS MARTINS AUGUST 1 AND WAS TOLD THAT, ALTHOUGH THE PRESIDENT WILL REVIEW HIS SPEECH SCHEDULED FOR LATER TODAY ONCE MORE THIS AFTERNOON, HE HAS FINALLY DECIDED ON HIS NEXT STEPS IN RESOLVING THE CURRENT GOVERNMENT CRISIS. ACCORDING TO MARTINS, PRESIDENT EANES WILL INDICATE THAT HE PLANS TO DESIGNATE A NEW PRIME MINISTER BY AUGUST 7 OR 8 AT THE LATEST. EANES WILL NOT SPECIFICALLY CRITICIZE EITHER SOCIALISTS OR THE CENTER DEMOCRATS FOR THE COLLAPSE OF THE SECOND CONSTITUTIONAL GOVERNMENT, NOR WILL HE INDICATE HIS OWN FUTURE CHOICE FOR PRIME MINISTER.

2. THE PLAN: ON THE BASIS OF HIS RECENT CONSULTATIONS WITH THE PARTIES AND SOCIAL, LABOR AND MANAGEMENT REPRESENTATIVES, THE PRESIDENT WILL ASK THE POLITICAL PARTIES REPRESENTED IN THE ASSEMBLY TO TRY AND FORM A THIRD CONSTITUTIONAL GOVERNMENT BASED ON A WORKING PARLIAMENTARY MAJORITY. HE WILL GIVE THE PARTIES FIVE OR SIX DAYS TO PRODUCE A NEW INTER-PARTY AGREEMENT. MARTINS NOTED THAT IN THE PRESIDENT'S MIND THE ONLY SUCH AGREEMENT POSSIBLE IS BETWEEN THE SOCIALISTS AND THE CENTER DEMOCRATS. IF THE TWO PARTIES HAVE NOT REACHED AGREEMENT BY AUGUST 7 OR 8, OR HAVE NOT MADE CONVINCING PROGRESS TOWARD SUCH AN AGREEMENT BY THEN, THE PRESIDENT WILL APPOINT A NEW PRIME MINISTER TO FORM A "GOVERNMENT OF PERSONALITIES" NOT SUBJECT TO PARTY DISCIPLINE, PRESENT A CONFIDENTIAL

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PROGRAM TO THE ASSEMBLY AND--IF POSSIBLE--GOVERN THROUGH 1980.

3. STEP ONE: IN DISCUSSIONS WITH THE SOCIALISTS JULY 31, THE PRESIDENT FOUND SOARES INFLEXIBLE ON COMMITMENTS TO MAKE MAJOR CABINET SHIFTS IN AN EFFORT TO SATISFY CDS CONCERNS AND CREATE AN ATMOSPHERE CONDUCIVE TO A NEW PS/CDS AGREEMENT. HOWEVER, THE POSSIBILITY OF SPLITTING THE MINISTRY OF AGRICULTURE AND FISHERIES INTO TWO FULL-FLEDGED MINISTRIES, WITH THE CONTROVERSIAL SAIAS TAKING FISHERIES, REMAINS VERY MUCH ALIVE ACCORDING TO MARTINS. SHOULD THE PS AND THE CDS FIND THEIR WAY TOWARD AGREEMENT BY EARLY NEXT WEEK, PRESIDENT EANES IS PREPARED TO REDESIGNATE MARIO SOARES AS PRIME MINISTER. A NEW PS-CDS GOVERNMENT WOULD SUBMIT A PROGRAM ALMOST IDENTICAL TO THE SECOND CONSTITUTIONAL GOVERNMENT'S PROGRAM TO THE ASSEMBLY WITHIN THE REQUIRED TEN DAYS, BUT PROBABLY WITH AN ANNEX OR ADDENDUM TO MEET PRINCIPAL CDS CONCERNS REGARDING THE FUNCTIONING OF THE ORIGINAL PS/CDS COALITION. MARTINS ALSO NOTED THAT SUCH A SOLUTION WOULD INCLUDE A "GENTLEMAN'S AGREEMENT" BETWEEN PRESIDENT EANES AND THE TWO PARTIES TO THE ACCORD WHICH WOULD SPELL OUT GENERAL GUIDELINES FOR THIRD CONSTITUTIONAL GOVERNMENT AND A DEFINITION OF THE PRESIDENT'S OWN ROLE AND DEGREE OF

INVOLVEMENT IN SUCH A GOVERNMENT.

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4. STEP TWO: IF THE PARTIES CANNOT REACH  
SUCH AN AGREEMENT BY THEN, PRESIDENT EANES WILL DESIGNATE A NEW  
PRIME MINISTER IMMEDIATELY. ACCORDING TO MARTINS, EANES  
INTENDS TO ASK A SOCIALIST--BUT AT THIS POINT PROBABLY NOT  
SOARES--TO HEAD SUCH A GOVERNMENT OF "PRESIDENTIAL INITIATIVE."  
IF THE SOCIALISTS REFUSE, EANES WILL TURN TO EITHER THE CDS  
OR AN INDEPENDENT. IN ANY CASE, THE PRESIDENT WOULD HOPE  
TO FIND A CIVILIAN AND NOT A MILITARY MAN. SUCH A GOVERNMENT  
WOULD SUBMIT A PROGRAM PROBABLY QUITE SIMILAR TO THE ORIGINAL  
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PS/CDS PROGRAM TO THE ASSEMBLY WITHIN THE REQUIRED TEN DAYS. EANES REPORTEDLY BELIEVES THAT SUCH A MOVE WOULD MAKE IT EXTREMELY DIFFICULT FOR EITHER THE SOCIALISTS OR CENTER DEMOCRATS TO REFUSE TO GO ALONG. WITH AN APPROVED PROGRAM IN HAND, SUCH A GOVERNMENT WOULD THEN SEEK TO PROMOTE THE INITIATION OF A NEW ELECTORAL LAW AND PROVISIONS FOR A NEW CENSUS. IF A NEW ELECTORAL LAW IS PASSED AND PROVISIONS FOR A CENSUS INITIATED, THE GOVERNMENT WOULD GO TO THE ASSEMBLY ASKING IF ELECTIONS ARE NOW IN ORDER. IF THE RESPONSE IS YES, WHICH EANES APPARENTLY CONSIDERS UNLIKELY, THE ASSEMBLY WOULD BE DISSOLVED AND ELECTIONS CALLED WITHIN 90 DAYS.

5. MARTINS, WHO HAS PARTICIPATED IN ALMOST ALL OF THE PARTY DISCUSSIONS WITH EANES, EXPLAINED THAT PARTY REPRESENTATIVES APPEAR TO HAVE BEEN CONVINCED THAT EANES HAD ALREADY MADE HIS OWN DECISION AND WAS SIMPLY GOING THROUGH THE FORMALITIES AS REQUIRED BY THE CONSTITUTION. ACCORDING TO MARTINS, THAT WAS NOT THE CASE AND EANES DID NOT MAKE HIS DECISION INVOLVING THE DETAILED SCENARIO ABOVE UNTIL EARLY JULY 31. ONE OF THE PRESIDENT'S PRIMARY CONCERNS HAS BEEN, MARTINS EXPLAINED, TO ADHERE TO THE CONSTITUTIONAL PROCESS AND TO AVOID EARLY ELECTIONS. EANES NOT ONLY BELIEVES NONE OF THE PARTIES WANTS TO GO THE ELECTION ROUTE, BUT IS CONCERNED THAT ELECTIONS ABSENT A NEW CENSUS AND NEW ELECTORAL LAW--WHICH IS TECHNICALLY POSSIBLE--CLOSE TO ONE MILLION VOTERS, MOSTLY RETORNADOS AND 18-YEAR-OLDS, WOULD BE DISENFRANCHISED.

6. COMMENT: MARTINS NOTED THAT HE DOES NOT EXPECT SIGNIFICANT CHANGES IN THE THRUST OF EANES'S SPEECH BEFORE DELIVERY LATER TONIGHT AUGUST 1. IN FACT, HE ADDED THAT A SUMMARY OF THE MAJOR POINTS EANES WILL MAKE TONIGHT IS BEING DISPATCHED TO THE MAJOR PORTUGUESE DIPLOMATIC MISSIONS. CONFIDENTIAL

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IT IS NOW CLEAR THAT THE PRESIDENT IS COMMITTED TO A PARLIAMENTARY SOLUTION. BOTH STEPS IN THE ABOVE SCENARIO EMPHASIZE THE NEED FOR A NEW GOVERNMENT WITH PARLIAMENTARY SUPPORT. THE ELECTION OPTION IS THE WORST CASE POSSIBILITY AS FAR AS THE PRESIDENT IS CONCERNED. THE POSSIBILITY OF A MINORITY SOCIALIST GOVERNMENT CONTINUING IN OFFICE IS EXCLUDED. ACCORDING TO MARTINS, THE PRESIDENT DESCRIBED HIS NEXT STEPS IN GENERAL TO THE POLITICAL PARTIES DURING HIS LATE JULY 31 CONSULTATIONS.

7. IN A SEPARATE CONVERSATION AUGUST 1 WITH AMBASSADOR AND ECON COUNSELOR, SOCIALIST MINISTER OF FINANCE VITOR CONSTANCIO DESCRIBED WHAT THE SOCIALISTS EXPECTED PRESI-

DENT EANES TO ANNOUNCE IN THIS EVENING'S SPEECH. CON-  
STANCIO'S DESCRIPTION CORRESPONDS WITH THE PRESIDENT'S  
INTENTIONS AS DESCRIBED ABOVE. THE MINISTER DID, HOWEVER,  
EMPHASIZE THAT, WHILE THE SOCIALISTS WILL BE FLEXIBLE  
IN FUTURE NEGOTIATIONS WITH THE CDS, THE PS WILL TAKE A  
VERY HARD PUBLIC AND PRIVATE POSITION DURING THOSE  
NEGOTIATIONS. CONSTANCIO DID NOT RULE OUT POSSIBILITY  
OF A NEW PS/CDS ACCORD, BUT INDICATED THAT NEGOTIATIONS  
MAY WELL TAKE LONGER THAN FIVE OR SIX DAYS.  
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## Message Attributes

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**Channel Indicators:** n/a  
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**Concepts:** POLITICAL STABILITY, POLITICAL SITUATION  
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